

HIGHLIGHTS



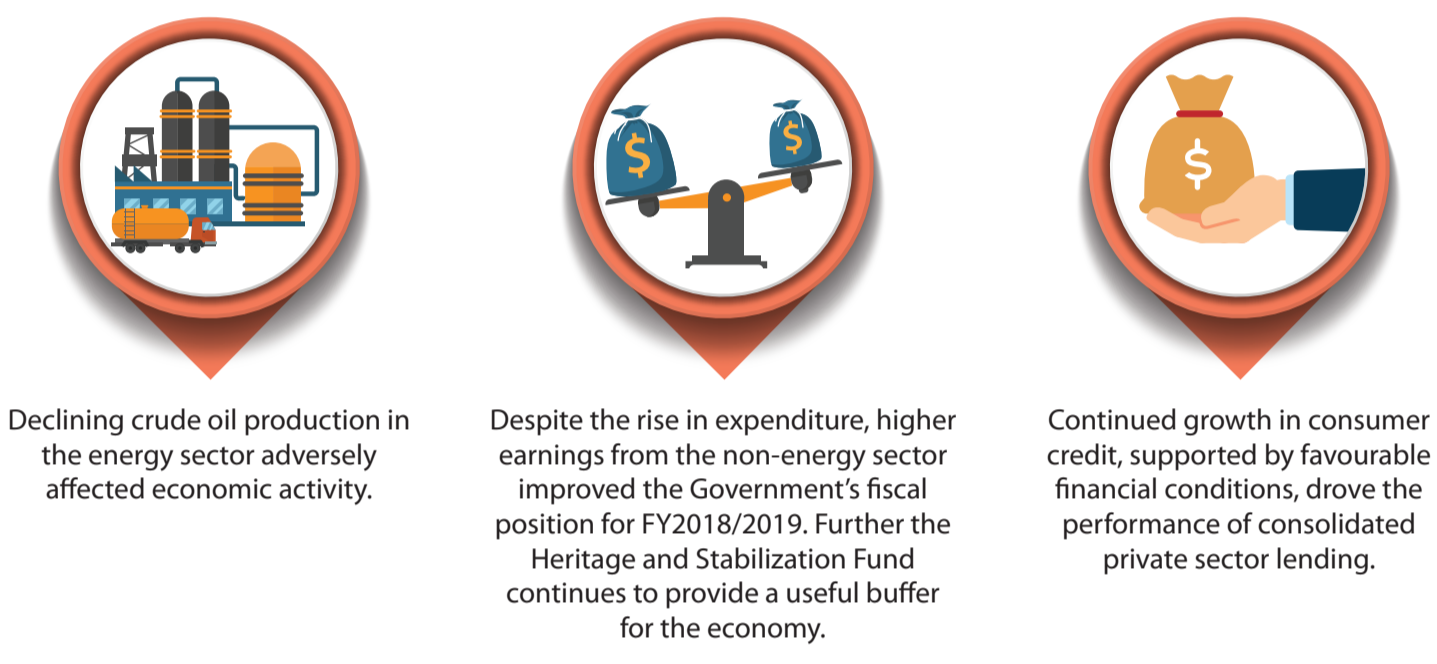
In Summary:

- Global financial stability concerns increased in 2019, although efforts to support economic activity intensified. Further, the global outbreak of the novel coronavirus (COVID-19) in early 2020 worsens these concerns by threatening to destabilize the economic and financial positions of various economies.
- Already faced with economic and financial challenges, fallouts from COVID-19 have severely impacted Caribbean growth prospects.
- Domestically, it is estimated that the energy sector underperformed in 2019, with spillovers on non-energy sector activity. However, the financial sector continued to grow driven by an expansion in the deposit base, which facilitated growth in consumer credit and real estate mortgages.
- The domestic financial system as a whole is healthy, but uncertainties related to the pandemic have heightened risks. An analysis of the domestic banking sector's (commercial banks and non-bank financial institutions) financial network suggests limited connectivity, with a small subset of entities which play a key role in the system. Future work in this area requires more coordinated domestic and regional supervision.
- The 2019 vulnerability and risk assessment has maintained growing household debt, high sovereign concentration in the financial system and the rapid digitalization of financial services as key sources of potential financial imbalances. The channels for risk amplification and propagation take on new dimensions against the backdrop of the COVID-19 pandemic.
- To promote financial stability, the Central Bank continues to engage in activities that are aimed at sustaining and enhancing operational resilience and financial sector development via improvements in the regulatory framework; risk-based supervision and governance of financial institutions; technical and analytical capacities in supervision and resolution; and its coordination with other domestic and regional supervisory agencies.

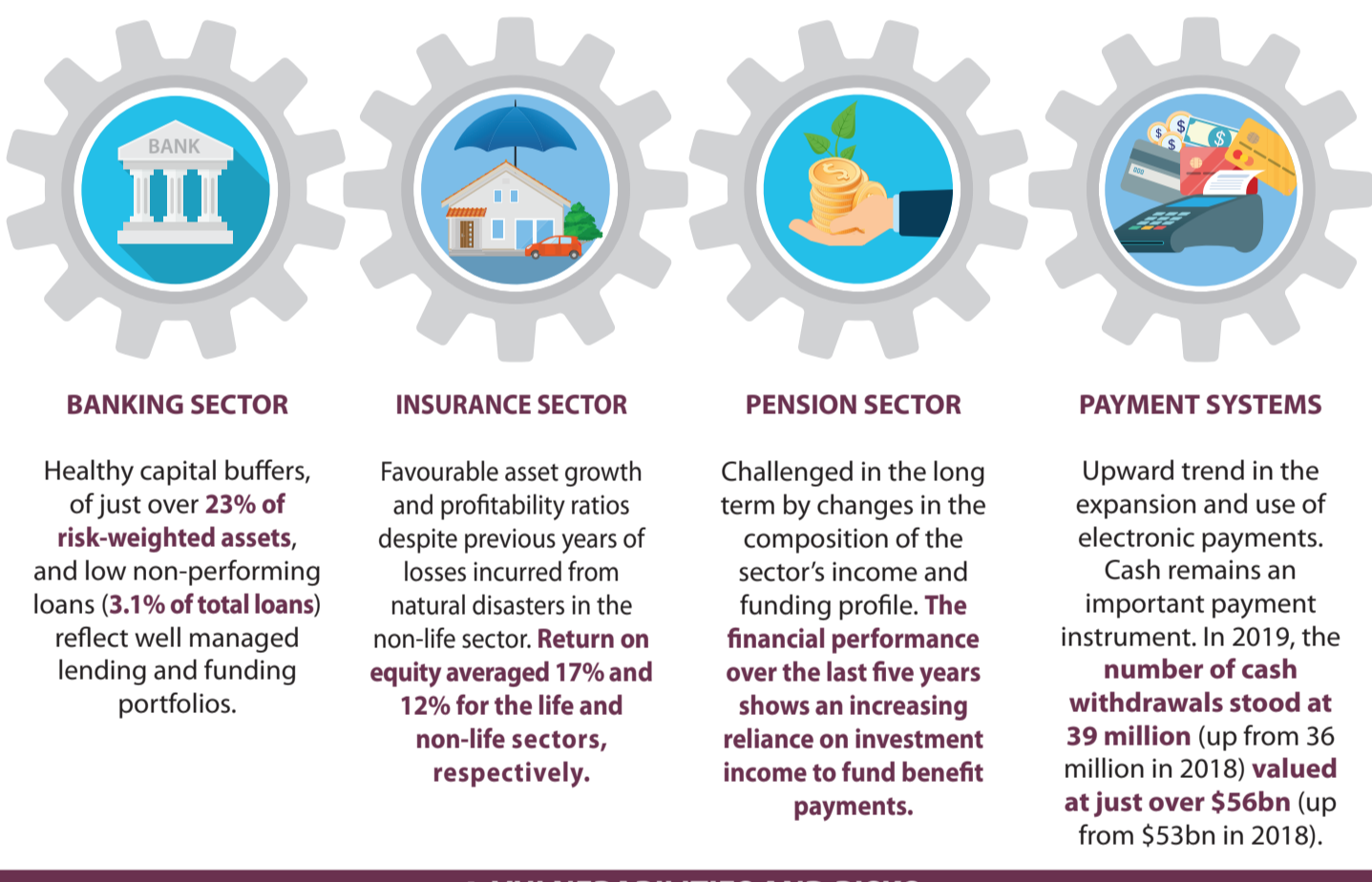
1. GLOBAL FINANCIAL STABILITY RISKS



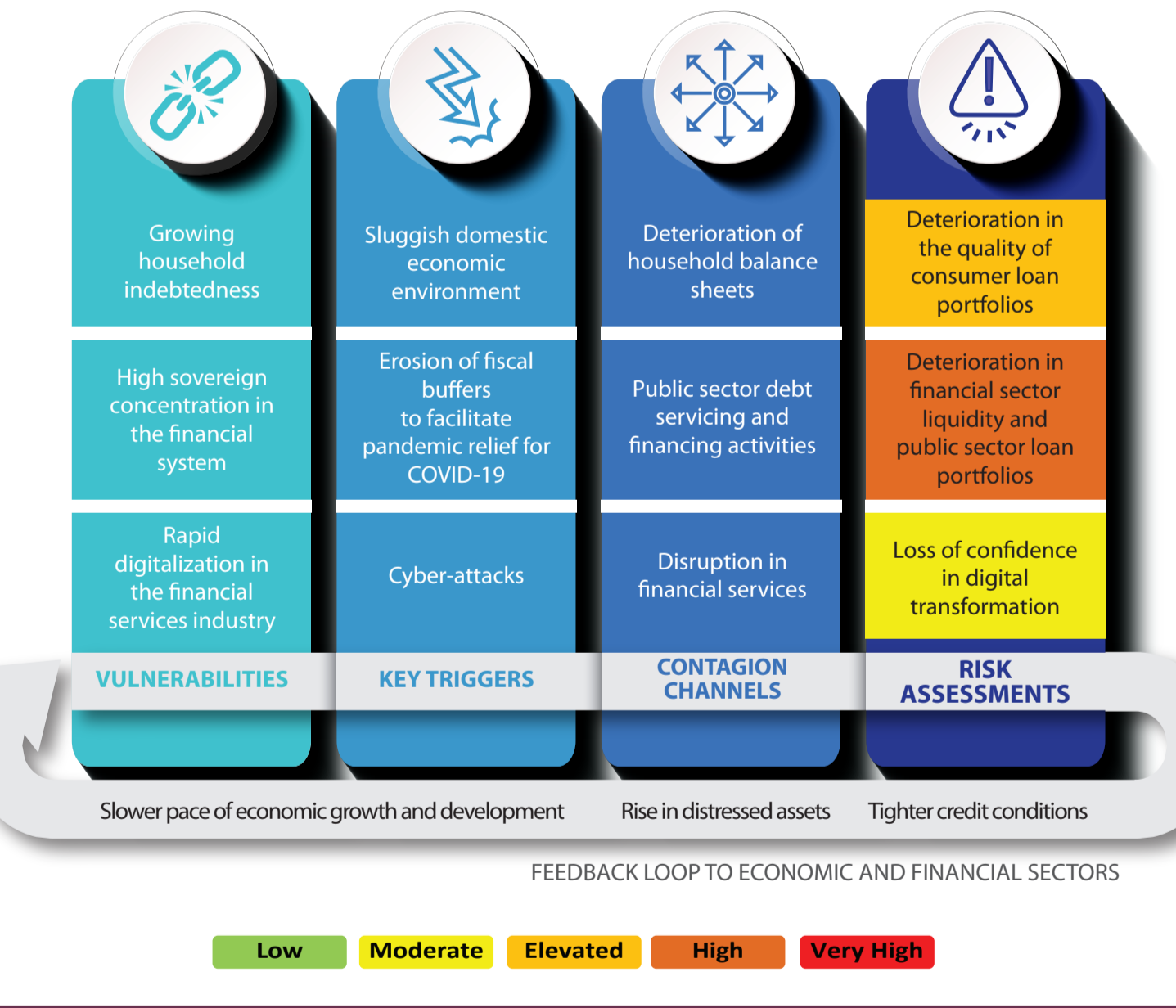
2. DOMESTIC MACRO-FINANCIAL CONDITIONS



3. FINANCIAL SYSTEM PERFORMANCE



4. VULNERABILITIES AND RISKS



5. EFFORTS TO ENSURE CONTINUED FINANCIAL STABILITY

